



nus consulting[®]

GROUP

Utility Cost Management Solutions

Memo

To: File
From: C. Amundsen
Date: January 29, 2007
Re: Tiffany & Co.

OBJECTIVE: To discuss our companies' respective positions concerning the NUS share in the refund and ongoing savings which will result from our identification and investigation of the over billing at Tiffany's Manhasset, NY store.

RESULT: Positions were shared; Tiffany has no problem sharing the refunds but they do not think NUS is entitled to share in ongoing savings. They will consult with their legal team and advise NUS at a later date.

SUMMARY: This afternoon, by appointment, Arnold Frankel, David Brown and I met with Bruce Mogel, Director of Retail Facilities and Lawrence Palfini, Group Director of Corporate Real Estate, to discuss the issue concerning LIPA and ConEd Solutions over billing for the electricity for their store in Manhasset, NY.

I explained the specific details of the actions taken by NUS to investigate the erroneous meter readings. After numerous conversations with LIPA personnel, they acknowledged that a problem existed and sent an investigator to determine the cause of the problem. LIPA's Mr. Espy checked the meter and advised that the problem was due to an incorrect multiplier which was instituted after a new meter was installed last September. LIPA was ready to revise the billing accordingly until NUS advised that the actual problem was a six-fold increase in demand and this could not be corrected by changing the multiplier.

After requesting a connected load summary from Tiffany, we were able to determine that further investigation was necessary. We spoke with LIPA and

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they said the problem must be a wiring issue and this had to be addressed with the Americana Mall. We then contacted the management of the Americana Mall, which led to additional discussion with the mall's electrician. His determination was that the meters had been tagged incorrectly and a meeting of both the LIPA representative, Mr. Espy as well as the Mall's electrician at the metering site for further inspection confirmed this finding.

Thus, since mid-Sept. 2006, Tiffany had been paying for the Ralph Lauren – Polo store's electric usage and vice-versa. However, the aforementioned store had significantly larger requirements.

NUS continued to pursue corrected bills and refunds from both LIPA and ConEd Solutions, the third-party electric supplier. ConEd Solutions said they could not provide their revised billing until the revised meter readings were sent to them from LIPA; however, once this information was received, they would turn it around within 24 to 48 hours.

After all of these details were shared, Larry Palfini commented that he felt NUS was going to be sharing a sizeable amount of money with Tiffany as a result of billing us for our 50% share in the refunds. Arnold explained that the refund and savings going into the future never would have been realized without NUS and that is why our position is to bill them for both the refund and ongoing savings. At this point, Bruce commented that we were talking about approx. \$1,000,000. and the store doesn't come anywhere near to making that kind of revenue. He offhandedly remarked that they might as well close the store if they are going to have to pay us this amount. Larry said that they would have to consult with their legal team on this issue and get back to us. We advised that we would await their response.